

EXHIBIT 12



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HERBALIFE 6787



®

BOOK

HERBALIFE 6790

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Retirement

When a Supervisor has personally sponsored ten first line Supervisors, he becomes eligible for Herbalife's Retirement Program, and the following guidelines apply.

1. You must have ten first line personally sponsored Supervisors who have renewed and qualified or re-qualified during the fiscal year (Feb. 1- Jan. 31).
2. When this happens, fill out the Supervisor Retirement Application and send it to Herbalife World Headquarters. You will then receive the full 5% Royalty Override on all three levels, regardless of your personal volume.
3. Your Retirement will commence at the start of the next fiscal year (Feb. 1) following your eligibility and will last one for one full year.
4. To receive your retirement Royalty Override the following year, you must have ten first line Supervisors who renew and qualify or re-qualify again during the current fiscal year, and you must re-qualify yourself.
5. When you are in the Retirement Program, you must guarantee your three eligible upline Supervisors a maximum of 5% of the volume required to receive the full royalty payment (2,000 volume points).
6. Herbalife, in its sole discretion, may terminate the Distributorship or remove any Distributor from the Retirement Program if he is determined to have engaged in conduct detrimental to the interests of Herbalife.
7. Supervisors in the Retirement Program must comply with the Ten Customer Rule every month as well as all other requirements.

Rules for Becoming a Distributor

Rule 1.

Every new applicant must have an official International Business Pack before he can become an authorized Distributor. No Distributor application will be approved unless such applicant owns an International Business

Pack. It is the responsibility of the sponsor to make an International Business Pack available to a prospective Distributor.

Rule 2.

A husband and wife who wish to become Distributors together must sign the same Application for Distributorship form; their Distributorship will be issued under one Sponsor. Married couples cannot be under separate Sponsors nor can they sponsor each other. If one spouse is already a Distributor and the other wishes to become a Distributor they must add the name of the second spouse to the first spouse's Distributorship. Distributors who marry each other must relinquish one Distributorship and become partners in the other. However, if both are Supervisors or above, then each may maintain a separate Distributorship. In addition, each shall remain in their original line of sponsorship.

Rule 3.

A person must be at least 18 years of age to become an Independent Distributor. However, a minor above the age of 14 may, with Herbalife's approval and at its sole discretion, become a Distributor only with the written approval of his parent(s) or guardian(s). In this case, the parent or guardian is responsible for the actions of the child. For other requirements, contact the Records Department at World Headquarters.

Rule 4.

A corporation may not be a Distributor, but individuals who are Herbalife Distributors may conduct their business through a corporation. In such a case, the Distributorship must be in the individual's name. There is no need for the corporation name or titles of officer to appear on the Application for Distributorship. Individual Distributors must send a written request to Herbalife if they wish their checks to be made payable to their corporation.

Rule 5.

A partnership may not be a Distributor, but individuals who are Herbalife Distributors may conduct their business as a partnership. In such a case, the Distributorship must be in an individual's name. The Partnership's name or

parties involved need not appear on the Application for Distributorship. Individual Distributors must send a written request to Herbalife if they wish their checks to be made payable to their partnership.

Rule 6.

Any Herbalife Distributor who wishes to resign should submit his letter to Herbalife Headquarters. The Distributor and his spouse must wait one year before reapplying for another Herbalife Distributorship.

**Remaining a Distributor
Annual Processing Fee**

All Distributors who become involved in Herbalife will be charged an annual processing fee to remain on the Herbalife computers. This charge is due one year from the original date of becoming a Distributor.

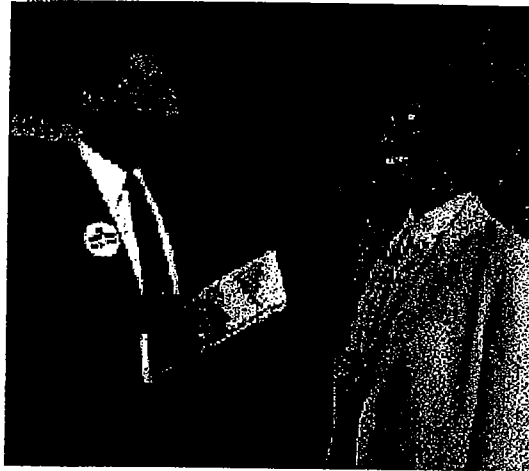
**) Rules of Conduct for
Herbalife Distributors**

These Rules of Conduct have been adopted in order to define the duties, responsibilities, and rights of Distributors among themselves and with the company. The purpose is to develop relationships which are more conducive to good business practices while, at the same time, maintaining the right of each Distributor to engage in free and independent business. As an Herbalife Distributor, remember that your actions directly and indirectly affect the business of other Distributors as well.

Herbalife will enforce these Rules of Conduct, but we also ask for co-operation from every Distributor.

Rule 1. Sales Offers

No Distributor shall make any sales offer related to Herbalife products which is not accurate and truthful as to price, grade, quality, performance, and availability.



Rule 2. Unlawful Practices

No Distributor shall engage in any deceptive or unlawful trade practice as defined by any federal, state, or local law or regulation.

Rule 3. Customer Complaints

A Distributor shall promptly and courteously investigate any customer complaint and shall take such steps as may be appropriate and necessary under the circumstances to see that any wrongs are corrected as quickly as possible.

Rule 4. Refund Policy

A Distributor shall honor the Herbalife refund policy by offering the customer, whenever the circumstances warrant, a full refund, exchange for a like product, or full credit for exchange with another Herbalife item, as the customer decides.

Rule 5. Taking Orders

Upon taking an order, the Distributor shall deliver a completed copy of the Herbalife retail order form to the customer.

Rule 6. Undesirable Selling Practices

An Herbalife Distributor shall not engage in high-pressure selling, but shall always conduct himself/herself in a courteous and considerate manner. All presentations of Herbalife products must be complete and truthful including, but not limited to, instructions on the usage, directions and precautions included on the product label and any accompanying literature.

Rule 7. Purchasing Products

Herbalife Distributors must purchase all of their products, literature, and supplies directly or through their own Sponsors, or from Herbalife directly.

Rule 8. Other Products

No Distributor shall attempt to induce any other Herbalife Distributor, whom he does not personally sponsor, to sell products other than Herbalife products. The purpose of this rule is to ensure that the rights of other Sponsors are honored at all times.

Rule 9. Independent Distributors

All Herbalife Distributors are independent business persons and no Distributor shall represent or imply that he had any employment relationship with Herbalife International, Inc., or with any of its affiliated companies. The use of the words "employee", "agent", "company representative", or "manager" on any stationery, business cards, or other printer matter is strictly prohibited.

Rule 10. Franchises or Territories

No Distributor shall represent or imply that there are franchises or territories available under the Herbalife sales and marketing plan.

Rule 11. Medical Claims

No Distributor shall make any medical claim for any Herbalife product. If a customer is under a physician's care, it is advisable that the Distributor recommend to the customer that he/she consult with his/her physician before undertaking any changes in his/her diet, particularly if a chronic disorder is involved. Persons with heart, liver, or kidney disorders or under current medical treatment, should always be urged to seek the advice of their physician before changing their diets.

Rule 12. Trade Names

No Distributor shall use the name of the Company or the trademarks of its products on any printed materials of any kind whatsoever (including the Distributor's name, place of business, advertising, etc.) without the written permission of the Company.

Rule 13. Reporting Violations

Every Distributor has the duty and responsibility to investigate and properly report any and all violations of the Distributor Rules of conduct.

Enforcement Procedures

This is a step-by-step summary of the methods by which Herbalife Distributors may deal with violations of the Rules of Conduct.

Step 1.

Upon learning of a violation, a Distributor should inform the violator of the appropriate section in the Rules of Conduct and discuss the matter with them. Point out the purpose behind the particular rule. Be sure that the alleged violator knows how their conduct broke the rule and what the proper conduct should have been. Most violations are due to a lack of understanding; a discussion usually settles the matter.

If the violator understands the rule and agrees to comply, then it is not necessary to inform the Company of the violation. However, a Distributor should always ensure that their Supervisor is aware of the problem.

Step 2.

If the alleged violator shows by word or conduct that they are unwilling or refuses to co-operate, then the Distributor should send a letter to the Company stating the nature of the complaint; names, addresses, and telephone numbers of all persons involved; dates, times, places, etc. The letter must be signed by the Distributor(s) reporting the violation. Anonymous complaints cannot be made the basis for disciplinary action.

